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16 MAY 1969

MEMORANDUM FOR: Legislative Counsel

SUBJECT: Senate Bill S. 764

REFERENCE: Your Memorandum, dated 9 May 1969,
same subject

1. A review of the proposed amendment to S. 764 indicates that it does take care of the problem in Section 7 with regard to intelligence collection.

2. There is another problem in the bill, however, which I would like to bring to your attention. The final sentence in Section 4, paragraph (a) states:

"No portion of any funds granted under this section shall be paid by the Director, or by any recipient of a grant under this section, to support any intelligence-gathering activity on behalf of the United States or to support any activity carried on by any officer or employee of the United States."

It seems to me that this statement lends itself to an interpretation by a future Director of the foundation under which the foundation might refuse to support an American organization which was involved with the programs of an international group which received Agency support. The Agency might also find itself under pressure to inform the foundation whether or not it has an interest in any individual seeking funds to participate in any given international meeting.

3. If this concern is a valid one, it would tend to make the bill useless with regard to covert action interests of the Agency and indeed might specifically increase the difficulties of finding American support for those organizations in which

SECRET

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SECRET

we have an interest. Thus, while the proposed amendment corrects the problem with regard to intelligence gathering, it appears to me that the last line of Section 4, paragraph (a) creates a very restrictive, if not prohibitive, situation with regard to international covert action operations.

/s/ Thomas H. Karamessines

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Deputy Director for Plans

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